

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 NEA-10 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 IO-13 NSAE-00 OPIC-03 SP-02 TRSE-00

CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01 ERDA-05 DODE-00

FEAE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04 SAM-01

OES-06 SS-15 STR-04 ACDA-07 /136 W
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O R 091835Z NOV 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4187

INFO ALL IEA CAPITALS 0056

C O N F I D E N T I A L OECD PARIS 33245

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA: U.S. STATEMENT AT NOVEMBER 8-9 GOVERNING
BOARD MEETING RE U.S. POSITION ON OIL PRICE
INCREASES

PASS CEA FOR MALKIEL; TREASURY FOR PARSKY AND WIDMAN;
FEA FOR ZARB

1. IN BRIEF DISCUSSION OF OIL PRICE ISSUE AT NOV. 8-9
GB MEETING, USDEL (ASSISTANT SECRETARY KATZ) STRESSED
THAT USG DOES NOT REGARD ANY PRICE INCREASE TO BE
JUSTIFIED AND DOES NOT BELIEVE IMPORTING COUNTRIES
SHOULD ASSUME THAT A PRICE HIKE AT DECEMBER OPEC
MINISTERIAL IS INEVITABLE. KATZ POINTED OUT THAT THERE
HAS BEEN SO MUCH SPECULATION LATELY IN PRESS AND
ELSEWHERE THAT PRICE HIKE WILL BE LARGE ONE, PERHAPS
AS HIGH AS 20 PERCENT, THAT A FRAME OF MIND HAS BEEN
CREATED IN SOME QUARTERS THAT A 10 PERCENT OR LESS
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INCREASE WOULD PERHAPS BE ACCEPTABLE. KATZ SAID USG

STRONGLY DISAGREED WITH THIS VIEW AND STRESSED THAT IMPACT OF 10 PERCENT INCREASE IN WORLD ECONOMY AS A WHOLE COULD BE QUITE DAMAGING, AND THAT IMPACT ON SOME COUNTRIES COULD BE DISASTROUS.

2. KATZ SAID THAT U.S. HAS MADE DEMARCHES IN OPEC CAPITALS OPPOSING ANY PRICE INCREASE AT DECEMBER OPEC MEETING. HE URGED OTHER IEA MEMBERS TO MAKE SIMILAR APPROACHES TO PRODUCERS AND INVITED INTERESTED IEA MEMBERS TO CONTACT USG THROUGH THEIR EMBASSIES IN WASHINGTON TO CONSULT ON PARALLEL MEASURES WHICH MIGHT BE TAKEN PRIOR TO OPEC MEETING.

3. IEA SUB-GROUP WORKING ON PRODUCER/CONSUMER ISSUES (BURROWS GROUP) WILL BE MEETING LATER TODAY TO PREPARE PAPER OUTLINING POSSIBLE IMPACT OF OIL PRICE HIKE ON VARIOUS ECONOMIES FOR USE BY COUNTRIES IN REPRESENTATIONS TO OPEC COUNTRIES. USDEL UNDERLINED THAT ECONOMIC POLICY COMMITTEE OF OECD NOW ENGAGED IN SIMILAR EFFORT AND SUGGESTED BURROWS CONTACT EPC TO PREVENT DUPLICATION OF EFFORT AND ENSURE CONSISTENCY. COUNTRIES WERE URGED TO SUBMIT COMMENTS ON BURROWS GROUP DRAFT BY MIDDLE OF WEEK OF NOVEMBER 15.
TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM PRODUCTS, ALLEGATIONS, PRICE INDEXES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP33245
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760417-0660
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761166/aaaacfnr.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 27 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 APR 2004 by hartledg>; APPROVED <08 NOV 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IEA: U.S. STATEMENT AT NOVEMBER 8-9 GOVERNING BOARD MEETING RE U.S. POSITION ON OIL PRICE INCREASES
TAGS: ENRG, US, OECD, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006